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Swings for Dreams: Public Perceptions of the Nonprofit Sector and  
Effects on Donating Behavior

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A Thesis Quality Research Project Submitted in Partial Fulfillment of the Requirements for the  
Masters of Public Administration.

## Introduction

Among the many challenges the nonprofit sector faces, the effort to maintain a good reputation has proven to be one of the most difficult struggles to date (Schloderer, Sarstedt, & Ringle, 2014). Today, the nonprofit sector is not only concerned with how to raise funds and deliver services, but it is also confronted with how to address a wave of public doubt and criticism related to charitable corruption. Much of this condemnation stems from “widely publicized scandals over the past several years” which “have led to diminished public confidence in nonprofit organizations” (Mead, 2008, p. 883). The exposure of corruption in high profile national charities like the Red Cross and the United Way has resulted in mistrust of the nonprofit sector as a whole (Wallace, 2006). While many researchers have explored how public confidence in the sector has evolved as a result of these well-known nonprofit controversies, questions persist as to how negative perceptions of the sector influence donating patterns. More specifically, how do concerns related to nonprofit management, trustworthiness, and donation impact affect an individual’s historical and planned donating behavior?

The preservation of trust between the nonprofit sector and its current or prospective supporters is critical to the survival of charitable organizations. In fact, Burt (2014, p. 1) suggests that a “donor’s trust in a charity is arguably a key factor in determining their support for a charity. Trust allows people to engage in acts with a feeling that another person or organization will not take advantage of those acts. Trust is based on expectations that what is expected of another will actually occur.” Today, the lack of public trust in the nonprofit sector is a serious problem for all stakeholders involved. The belief that nonprofit professionals exploit their power and misuse funds has a damaging effect to the sector as a whole, and to the individuals who depend on charitable organizations to survive (Mead, 2008). It is troubling that the nonprofit

sector, which emerged to benefit the greater good, is now perceived by much of society as dishonest and self-serving. Furthermore, it is even more worrisome that nonprofit organizations are not particularly concerned about rebuilding confidence in the sector (Rosenman, 2013).

At a time when the competition for funding amongst nonprofits is increasingly more competitive, charitable organizations should direct more of their efforts to restoring the public's belief in their abilities to efficiently manage and honestly allocate donated funds to the growing number of people that depend on nonprofit services. Consideration of public perception is especially important seeing as charitable organizations are primarily dependent on outside funding to maintain operations and to deliver human services. Of the \$335.17 billion given to nonprofit organizations in 2013, "the largest source of charitable giving came from individuals at \$241.32 billion, or 72% of total giving" (National Philanthropic Trust, 2014). The fact that individuals contribute the most financial capital to the nonprofit sector reinforces the importance of their attitudes toward charities, and how these views may impact the sector as a whole. More importantly, Rosenman (2014, p. 2) raises the question that "if Americans begin to see public agencies as corrupt, how can we expect people to support them?"

While many nonprofit organizations have placed the public perception issue on the backburner, most likely as a result of a lack of manpower and financial resources, a charity called Swings for Dreams made this problem a priority because the survival of the organization depended on it. Swings for Dreams was founded in November of 2013 by Nicholas Tuttle and Michael Aguas, with a mission to "design, fund, and build environmentally friendly and culturally sensitive outdoor play spaces for children living in underserved and developing regions of the world" (Swings for Dreams, 2014). During their first year of operation, they set a fundraising goal of \$30,000 to be used to build a playground for a primary school in Nieu-

Bethesda, South Africa (Swings for Dreams, 2014). As a brand new start-up nonprofit, Swings for Dreams primarily solicited the organization's early supporters for donations. Attempts were also made by the founders to expand their donor base by petitioning strangers for financial backing. However, they encountered many fundraising challenges during their first year of operation, namely a lack of trust from the people they approached to discuss their mission and to ask for donations. Much to the surprise of Swings for Dreams' founders, many of their friends, relatives, and co-workers, who had a preexisting connection to the organization, demonstrated the same caution and hesitancy when being asked to donate as the strangers that were approached, who had no affiliation with Swings for Dreams or the founders. As a result, the organization failed to reach its first year financial goal, and the beneficiaries, being the children attending the primary school in South Africa, suffered as a result.

In an effort to better understand their supporters, Swings for Dreams asked that a survey be given to their 2013-2014 donor population. The goal of the survey was to not only get a better grasp of how their donors perceived the nonprofit sector as a whole, but they also wanted to evaluate if these perceptions influenced their donors' historical and planned giving behavior. More specifically, this study was conducted in an effort to assist Swings for Dreams in crafting and implementing a more customized fundraising strategy to current and future financial supporters, based on the findings of the following research questions:

- I. How does Swings for Dreams' donor population perceive nonprofits in terms of trustworthiness, management, and donation impact?
- II. Do Swings for Dreams' donor perceptions of nonprofit trustworthiness, management, and donation impact affect their historical and planned donating behavior?

The founders at Swings for Dreams expressed the belief that their donors had an overall negative view of the nonprofit sector, and that this view negatively impacted their donating history and their desire to donate to charitable organizations in the future. The organization's staff also believed that the negative perceptions about the nonprofit sector as a whole contributed to the apprehension demonstrated by prospective donors when approached to support Swings for Dreams.

Before delving into these research questions, it is important to understand what a nonprofit is, what the research says regarding donor values, and how and why public perception of the nonprofit sector has evolved over the past few decades.

## **Literature Review**

It is difficult to narrowly define the American nonprofit sector as the 1.6 million organizations that comprise it differ significantly in their mission, size, and structure (Vogelsang et al., 2015). This sector is also commonly referred to as the "third sector" - "with government and its agencies of public administration being the first, and the world of business or commerce being the second" (Anheier, 2014, p. 4). It is broadly defined as the over 25 different categories of "private, voluntary, nonprofit organizations, and associations" (Anheier, 2014, p. 4) that the United States Internal Revenue Service (IRS) identifies as eligible to receive federal income tax exemption (Internal Revenue Service, 2014). While the nonprofit sector includes a variety of different organizational categories, the most widespread is the 501(c)(3) charitable organization (Bryce, 2012). 501(c)(3) organizations are distinctive from other types of tax-exempt nonprofits, as they must serve a charitable purpose, and should be "organized and operated to benefit some greater good" (Blanchard, 2014, p. 278), as opposed to the sole benefit of their members (Independent Sector, 2014). The Independent Sector, a nonpartisan leadership association of

nonprofits, highlights that 501(c)(3) nonprofits must also be committed to serving “one or more of the following purposes specified by the IRS: charitable, religious, educational, scientific, literary, testing for public safety, fostering national or international amateur sports competition, or the prevention of cruelty to children or animals” (2014).

Third sector organizations typically emerge to fill a gap neglected by the corporate or government sectors (Rose, 2014). This gap is usually the delivery of a particular public good or service, but nonprofits may also act “as partners in the process of governance” (Simon, Yak, & Ott, 2013, p. 355). While the mission of a charity may vary significantly, a common denominator is the fact that charitable organizations most commonly cater to underserved communities residing in the United States or abroad (Vogelsang et al., 2015). Within the United States, there is a growing number of individuals dependent on charitable nonprofits. The Nonprofit Finance Fund explores this trend in their annual survey which revealed that of the 5,000 nonprofit respondents, “80% reported an increase in demand for services,” which happens to be the survey's “6th straight year of increased demand” (Nonprofit Finance Fund, 2014). In addition, “56% were unable to meet demand in 2013—the highest reported in the survey’s history” (Nonprofit Finance Fund, 2014). The rise in demand for services comes not only as a result of the increase in the number of people dependent on nonprofits, but also as a consequence of a struggling middle class that “has shrunk in size, and fallen backward in income and wealth” (Pew Research Center, 2012).

Those living in poverty are no longer the only beneficiaries of nonprofit services. Due to financial difficulties, many in the middle class are now resorting to nonprofit assistance as they cannot afford basic services and often do not qualify for government assistance (Feeding America, 2014). “Though not officially poor, these families experience limited economic

security; one major setback could thrust them into economic chaos” (Kearney, Harris, Jacome, & Parker, 2013, P.1). A nationally representative survey conducted by the Pew Research Center (2012) also reveals that “85% of self-described middle-class adults say it is more difficult now than it was a decade ago for middle-class people to maintain their standard of living.” One example of this is the fact that nonprofit food banks nationwide have witnessed an increase in what they refer to as “first-timers,” which are typically middle class people who are experiencing financial turmoil due to unexpected job loss (Feeding America, 2014). Having trouble making ends meet, these individuals turn to food banks to put food on the table. In a New York Times article, Bosman (2009) described this phenomenon:

Food pantries, once a crutch for the most needy, have responded to the recession by opening their doors to what one pantry organizer described as ‘the next layer of people,’ a rapidly expanding group of child-care workers, nurse’s aides, real estate agents and secretaries who are facing a financial crises for the first time.

In addition to the growing number of Americans served by the charitable sector, the United States has also experienced a rapid boost in the number of nonprofits that are operating (Harrison & Thornton, 2014). Remarkably, "the growth rate of the nonprofit sector has surpassed the rate of both the business and government sectors" (Blackwood, Pettijohn & Roeger, 2012, p. 16). While their continued growth is exciting, their inability to meet demand is troubling and contributes to the failure of many nonprofit organizations in the nation. The Nonprofit Finance Fund (2014) reports that most nonprofit organizations expect a persistent rise in the demand for their services and many foresee that the demand will be unmet. While nonprofit strategists agonize about how to accommodate the growing demand for services, charitable professionals



are also facing the added pressure of intensifying competition in the sector (Barman, 2002; Ashley & Faulk, 2010; Prufer, 2011).

Growth in the number and size of operating nonprofit organizations has caused an increase in competition for financial resources (Yurenka, 2007). Because nonprofits rely on donations to maintain operations and the delivery of services, charities must compete with their peers for financial support - an already difficult resource to secure (Bray, 2013). Similar to the many options consumers have in the for-profit world, donors and philanthropists “have abundant choices when considering charitable donations” (Hsu, Liang, & Tien, 2005, p. 190). This leads “funders to focus more intently on identifying the most successful organizations in which to invest scarce resources” (Vaughan, 2010, p. 486). Often, individual donors provide 75 percent or more of the nonprofit sector’s financial capital (Bray, 2013). As a result, nonprofits must strengthen their ability to attract individual donors, as well as doing a better job of cultivating the attributes and values prospective donors look for when making the strategic decision to donate.

Modern day donors are not only interested in supporting a cause with a mission that aligns with their interests; they are also interested in “efficiency, results, and reporting” (Bray, 2013, p. 77). Social science researchers suggest that donors are motivated to give to organizations that demonstrate efficient management practices, honest fund allocation, performance and impact measurement, and transparent reporting mechanisms (Bray, 2013; Vaughn, 2010; Szper & Prakash, 2010). In addition, donors pay especially close attention to an organization’s costs of fundraising and administration when deciding which organizations to donate to (Bray, 2013). Szper and Prakash (2010) stress that this is an obvious concern as donors make donations “with the expectation that nonprofits will deploy funds to pursue their mandates” (p. 116), not to fund staff salaries, overhead, or fundraising expenses. One example of a costly

and misleading fundraising practice which has faced criticism is the employment of paid telemarketing firms on behalf of nonprofits. Disapproval of this strategy stems from its cost-ineffectiveness and the fact that most nonprofits who choose to use this service end up receiving only a small fraction of what is donated, as the majority of the money is used to pay the salaries of the solicitors (Keating, Parsons, & Roberts, 2003). For instance, reports were published about deceptive charitable telemarketing practices used by a firm called InfoCision, which claim the company keeps roughly 80% or more of the money raised on behalf of some 30 nonprofits (Nash, 2012). Popular news sources like Bloomberg Business, the Huffington Post, and the Today Show exposed a number of instances in which InfoCision offered less than half of the money raised to the organization it was hired by (Evans, 2012; Kavoussi, 2012; Nash, 2012).

Bray (2013) argues that no more than 50 percent of a nonprofit's funds be used for administrative costs. He also makes the case that "no more than 35% of total funds raised be churned back into fundraising – and that 65% of a nonprofit's budget be spent on program activities" (Bray, 2013, p. 78). While there is agreement that charities should not devote an excessive amount of donated funds to administrative costs, "the practice of using administrative cost ratios to guide funding decisions is a highly contested topic in the nonprofit sector" (Ashley & Van Slyke, 2012, p. S47). Ashley and Van Slyke (2012) expand on this disputed topic in their research noting that (pp. S47):

Promoters, on the one hand, see it [administrative cost ratios] as a useful comparative performance measure to help donors avoid scams and meet their motivation to direct as much of their contribution to programs as possible. Opponents on the other hand, charge that the practice promotes a starvation cycle and that the ratios are irrelevant to mission performance on program effectiveness.

In addition to exploring the value of using administrative cost ratios as a performance measure, Ashely and Van Slyke (2012) also question whether donors actually use these measures in their decisions whether or not to support a particular organization. Either way, all nonprofits will have administrative costs associated with operations, fundraising, and employment. The key is to not abuse donated funds, and to maintain transparency with donors.

Organizational transparency as it relates to financial reporting and the measurement of nonprofit impact has become increasingly important in recent years. It may seem perplexing that this is an issue seeing as American nonprofits are required to report fund use to the IRS each year through the submission of a Form 990, which details annual revenue sources and how they were spent (IRS, 2015). But, while this information is technically available to the public, “nonprofit donors face difficulties in accessing and interpreting information about how nonprofits are deploying resources” (Szper & Prakash, 2010, p. 115). What donors are really looking for is a clear and easy-to-digest report which shows how much money was donated during a particular year, exactly where that money was spent, and evidence that their contributions made a real impact (Ottenhoff & Ulrich, 2012). Providing detailed, accessible, and easy-to-understand financial information to current and prospective supporters is crucial. To address this need, the BBB Wise Giving Alliance (2015) advocates for the creation and distribution of annual reports as an effective way to improve organizational transparency, to keep funders updated, and to assess impact. However, the production and distribution of annual reports has a financial cost that must also be considered.

The prioritization of nonprofits based on these organizational characteristics is a relatively recent transition from the former practice of simply donating to an organization due to a personal connection or belief in the mission. Americans used to blindly donate to charities as

they were regarded with esteem and appreciation for serving some of the nation's most vulnerable citizens. "Recently, however, the public has begun to perceive nonprofit organizations as being ineptly or corruptly managed" (Mead, 2008, p. 883). This shift stems from a few widely publicized scandals which involved the mishandling of donated funds by some well-known and well-respected American nonprofits (Bray, 2013). Two of the biggest scandals involved the misuse of funds by the United Way and the Red Cross (Bray, 2013; Wallace, 2006; Rosenman, 2014). The legacy of these controversies are still alive and well in the minds of donors, and has contributed to the added scrutiny put on today's nonprofits.

When describing how these major scandals affected the nonprofit sector as a whole, Light (2006) stated: "It was as if the sector was made of Velcro – virtually every scandal stuck to the charitable sector and converted what had been benign, soft opinion into increasingly negative, hard attitudes about basic accountability." A study conducted on public attitudes toward the nonprofit sector also found that "perceptions of two big charities – the American Red Cross and United Way – strongly influence how Americans feel about charities overall" (Wallace, 2006, p. 3). These two unfortunate instances will be discussed in more detail below to truly assess the damage that these once esteemed nonprofits caused to themselves and the sector as a whole.

The United Way is a charitable organization with a mission to "improve lives by mobilizing the caring power of communities around the world to advance the common good" (United Way, 2015). More specifically, the United Way works to improve lives through the advancement of health, education, and financial stability (United Way, 2015). But, in 1992, an investigation was conducted of the United Way - "one of the nation's most respected charities" at the time (Shapiro, 2011). What was revealed during the investigation was shocking and "prompted public outcry" (Montague, 2013, p. 222). The mismanagement of the United Way by

the organization's President, William Aramony, had been littered with fraudulent spending, falsified tax returns, inflated administrative salaries, lavish perks and expenditures, and inappropriate behavior toward his underage mistress and female employees (Wilhelm & Williams, 2002).

During his 22 years as president and CEO of United Way, Aramony stole roughly "\$1.2 million of the charity's money to benefit himself and his friends" (CharityWatch, 2014). He also awarded himself a whopping \$463,000 annual salary, which was extravagant even when compared to corporate executive standards (Montague, 2013). Following the exposure of Aramony's disgraceful conduct, he resigned and was "sentenced to seven years in a federal penitentiary" (Shapiro, 2011). This incident also provoked a subsequent congressional examination of the practices of nonprofits and an investigation as to whether the IRS was capable of monitoring the financial practices of the growing sector (Montague, 2013). While some justice was served as a result of the United Way investigation, the incident wounded the reputation of the nonprofit sector, and weakened public confidence in charitable organizations, nonprofit executives, and the overall impact of donations. "CharityWatch president, Daniel Borochoff, remarked in *USA Today* in 1995 as to how the scandal influenced public perception of charities, saying, 'It created a climate where donors are more questioning. They want to know more about how an organization is governed and the ethics of its leaders'" (CharityWatch, 2014). The results of the United Way controversy is evidence that the nonprofit sector as a whole is not immune to the criticism that arises as a result of the misconduct and negligence of just one nonprofit.

The Red Cross scandal is another example of a high-profile organization which misused funds and contributed to a decline of public trust in the sector. While the Red Cross' mission

includes military family support, health and safety training, and blood collection, the organization is best known for its disaster relief efforts (Red Cross, 2015). However, the publicity surrounding these efforts has not been entirely positive over the years. In fact, the Red Cross “has endured several large-scale scandals and potential disasters for its reputation” (Fussell-Sisco, Collins, & Zoch, 2010, p. 23) including: blood shortages, safety issues related to the handling of donated blood, a 1998 embezzlement scandal involving an Executive Director of a New Jersey chapter, the organization’s response to Hurricane Katrina, and the Red Cross’ infamous misallocation of funds after 9/11 (Chase, 2012; Attkisson, 2002; Carson, 2002). Seeing as this research is more focused on public trust as it relates to transparency and the misappropriation of funds, the Red Cross’ response to 9/11 warrants a closer look.

Following the September 11<sup>th</sup> terrorist attacks, the Red Cross urged Americans to donate money to support the victims of the attack, their families, and recovery. Remarkably, \$550 million was raised, but questions soon arose regarding how the funds were used (Foundation Center, 2002). “The treatment of the Red Cross quickly deteriorated when on October 29, 2001, the Red Cross acknowledged that a portion of the Liberty Fund, the special fund established after September 11, had been set aside for a strategic blood reserve, a nationwide community outreach program, and the building of relief infrastructure” (Foundation Center, 2002, p. 32). This decision to syphon funds back into the organization, as opposed to the 9/11 relief efforts, “was contrary to what many September 11 donors claimed they had desired” (Foundation Center, 2002, p. 32), and caused public outrage and raised serious concerns about nonprofit transparency, the appropriate use of funds, and donations used for administrative costs. The American people were completely appalled by the 9/11 Red Cross controversy, so much so that

one survey reported that more Americans were engrossed in this scandal than the widely publicized Enron bankruptcy (Mead, 2008).

While Dr. Bernadine Healy, the active President of the Red Cross at the time, was eventually forced to resign following a publicized Congressional hearing, the repercussions of this scandal continue to threaten the credibility of the nonprofit sector. Fussell-Sisco, Collins, and Zoch (2010) noted that: “This scandal has had far-reaching effects. The organization itself was not the only one to suffer public condemnation.” As a direct result of the 9/11 controversy, there was a “significant drop in contributors’ confidence in charities” (Wallace, 2006, p. 3), especially regarding nonprofit management, performance, effectiveness, and use of donated funds. This drop in confidence is also evident in surveys conducted before and after the incident which reported that public confidence had plummeted from 90 percent prior to the terrorist attacks to 60 percent in 2002 (Light, 2006; Mead, 2008).

The United Way and Red Cross scandals serve as good examples of what can go drastically wrong when corrupt nonprofit executives come into power. These examples also reinforce why modern day donors may perceive nonprofits as untrustworthy and why they may be hesitant to make donations. Rosenman (2013) warns that public confidence in the nonprofit sector has not recovered since the record low in 2002. A 2008 survey conducted by the Brookings Institute reinforces Rosenman’s assessment that the public is still weary of the nonprofit sector. As described by Rhode and Packel (2009), the survey revealed that:

About one third of Americans reported having ‘not too much’ or no confidence in charitable organizations, and 70 percent felt that charitable organizations waste ‘a great deal’ or a ‘fair amount’ of money. Only 10 percent thought charitable organizations did a ‘very good job’ spending money wisely; only 17 percent thought that charities did a ‘very

good job’ of being fair in decisions; and only one quarter thought charities did a ‘very good job’ of helping people.

In addition to the upsetting findings revealed by the Brookings Institute, a more recent study discovered that “those who had ‘a great deal’ of faith in charities dropped about 20 percent and those who had ‘hardly any’ grew by 67 percent” from 2010 to 2012 (Rosenman, 2013). The results of these surveys are upsetting and should be of greater concern to American nonprofit leaders. The fact that the public has little faith in the ability of the nonprofit sector to help people is also startling, considering that helping people is generally the cornerstone of most charitable missions. Rosenman (2013) notes that when charity executives are questioned about issues related to corruption and dishonest spending, they are generally dismissive and avoidant, failing to address the issue. This reaction is also troubling seeing as negative perceptions of the sector may have the consequence of reduced funding.

Many researchers hypothesize that negative public perception of the nonprofit sector will result in a decrease in donations. One great example of this theory in action is the decrease in donations to the nonprofit sector as a whole following the Red Cross 9/11 scandal. In their research, Yallapragada, Roe, and Toma (2010) revealed that “When the scandal became public in 2002, donations to local charities dropped 60% from \$45 million to \$18 million” (p. 90). While donation data regarding how much income the Red Cross lost specifically as a result of the scandal was not available, the collective hit the sector took was devastating.

Additional research conducted by the Organizational Performance Initiative reports that public confidence in the sector is “closely related to the willingness to donate” (Light, 2006, p. 3). These findings were also revealed in a 2003 survey conducted by the Brookings Center for Public Services which “showed a clear and significant statistical relationship between general



confidence and willingness to contribute discretionary dollars and time” (Light, 2005, p. 4). Further research supporting this relationship by Heller & Reitsema (2010) found that if an organization with a positive reputation partnered with an organization with a bad reputation, prospective donors would be less willing to donate to both, solely because of the negative association. One area of concern which has been explored in depth by many researchers is whether there is a statistically significant relationship between donor perception of efficiency as it relates to low administrative costs and increased financial support. Numerous researchers have discovered that donors are, in fact, more likely to give to organizations perceived as efficient (Timkelman & Mankaney, 2007; Okten & Weisbrod, 2000; Jacobs & Marudas, 2009). While some current research does suggest a relationship between donor perception and giving behavior, there is also research that suggests the opposite.

On the other end of the spectrum, there is research that suggests there may be no correlation between public perception and giving behavior. Research conducted by Szper and Prakash (2010) explored whether ratings of nonprofits on a website called Charity Navigator affected donor support. Interestingly, they found that “changes in charity ratings tend not to affect donor support to these nonprofits” (Szper & Prakash, 2010, p. 1). A study conducted by Frumkin and Kim (2001) explored whether “operational efficiency is recognized and rewarded by the private funders that support nonprofit organizations” (p. 266). In this study, efficiency referred to low administrative costs. Contrary to what was mentioned in the previous paragraph, Frumkin and Kim (2001) discovered that “reporting low administrative to total expense ratios and positioning an organization as efficient does not lead to greater success in garnering contributions” (p. 271). While not directly related to financial giving, a study by Bekkers and Bowman (2009) found that “a decline in charitable confidence is unlikely to reduce

volunteering” (p. 884). It is also interesting to note that donations to the United Way only fell 3.3 percent following the scandal in 1992, from those collected in 1991 (Center, Jackson, Smith, & Stansberry, 2014). United Way chapter executives also alluded to the fact that the drop in funds was likely “attributed to the recession and corporate down-sizing, not the Aramony shake-up” (Center, Jackson, Smith, & Stansberry, 2014, p. 375).

While a few studies have explored the relationship between public perception and charitable giving, most of the existing research focuses solely on donor perception of the sector and what motivates individuals to donate (Frumkin & Kim, 2001). Limited data exists which indicates a causal relationship between public perception and giving, and what does exist is inconsistent. While it is clear that scandals and corrupt charitable behavior has threatened public trust and donor perceptions of the nonprofit sector, it is not exactly clear whether public perception directly affects historical donating behavior and planned giving. The focus of this research is to evaluate whether public perception does, in fact, influence one’s giving choices. More specifically, the nonprofit leaders at Swings for Dreams want to survey their 2013-2014 donor population to assess: their historical and planned donation behavior; their perceptions of the nonprofit sector as it relates to trustworthiness, management, and donation impact; and, whether or not there is a statistically significant relationship between perception and behavior. As a startup nonprofit just finishing its first year of development efforts, Swings for Dreams’ founders plan to use this research to better understand their donors to implement more customized marketing, reporting, and fundraising strategies to current and future financial supporters.

## **Methodology**

The nonprofit, Swings for Dreams, requested that a survey be designed to gather a wide range of information about their 2013-2014 donor population. The survey was designed to examine a number of different variables related to donating behavior and donor perceptions of nonprofits. Historical and planned donating behavior was measured by asking respondents to disclose how many times they had donated to a charitable organization in the past 12 months and how likely they were to donate to a charity over the next 12 months. Respondents were also asked about their perceptions regarding nonprofit trustworthiness, management, and donation impact. This information was then analyzed to evaluate whether a statistically significant relationship existed between donor perceptions and donating behavior.

While Swings for Dreams is largely interested in these research topics, the startup nonprofit also requested that a series of additional questions be included in the questionnaire for future follow-up surveys and their overall organizational data needs. Although the supplemental questions were not included in this research, they were intended to give the organization added insight about their first-year donor population. These questions were designed to reveal information related to demographics, preferred solicitation methods, donor motivators, desirable donation incentives, and the types of nonprofit organizations respondents were most inclined to donate to (e.g. social services, education, religion, international, etc.).

Surveys were distributed to the 176 donors who had made financial contributions to the organization during its first year of operation from the Fiscal Year 2013-2014. A list of donor email addresses were readily accessible through Swings for Dreams' detailed donor database, and were provided by the organization's founders. Prior to distributing the online survey, a personal email was sent by Swings for Dreams' founders to each of their 176 donors informing

them that a subsequent email would be sent from a San Jose State graduate student requesting feedback and demographic information in the form of an online survey. Immediately following the founders' email to their financial supporters, a second email was sent, which included a brief statement on the purpose of the research and a link to the online survey. A completion due date of two weeks from when the survey was sent was given. Each donor was also informed that the survey had to be completed in full, or it would be discarded, as Swings for Dreams' founders wanted the most comprehensive picture of their donors as possible.

The survey was created and published using Qualtrics, an online survey platform which enables users to collect, store, and analyze online survey respondent data (Qualtrics, 2015). The survey began with a statement of consent which informed the participant that the survey was voluntary and anonymous, and that continuing the survey served as their official approval and acknowledgment that the responses could be used in this research. Each survey was estimated to take 5-10 minutes. In its entirety, the survey consisted of 28 multiple choice questions, but the focus of this research entails a detailed analysis of only five, in addition to a brief examination of Swings for Dreams' donor demographics. Of these five questions, two asked about previous and intended donation behavior and three related to donor perceptions of nonprofits. With the exception of one, all of the questions were close-ended, requesting ordinal data or a yes or no response. The exception was a yes/no question which asked the respondent whether they viewed nonprofits as honest and trustworthy in their use of funds. If the respondent answered "no," they were given the option to provide an open-ended explanation, but this was not required.

In addition to analyzing respondent donation behavior and perceptions of the nonprofit sector, Swings for Dreams also wanted to examine the demographics of their first year donors. To account for this, the survey included multiple choice questions related to age, gender,

employment, marital status, education, political affiliation, religious affiliation, annual household income, and whether or not participants had children.

Once the designated two weeks had passed from when the surveys were sent to Swings for Dreams' donors, the Qualtrics survey portal was officially closed to prevent additional respondents from submitting. The survey responses were then exported as raw data into Excel. For the demographic questions, percentage totals for each given response were calculated in Excel using cross-tabulation tables. For the five relevant research questions, a numerical value was designated to correspond to each available multiple choice response. The raw data was then coded, and imported into R for statistical analysis. The statistical software R was used to manage the coded data and run the statistical tests described in the subsequent analysis. On a technical level, R is defined as a "scripting language for statistical data manipulation and analysis" (Matloff, 2011, p. x). This increasingly popular free statistical analysis and visualization software is a useful tool in the social sciences because of its flexibility, its online support, and the level of control the package offers its users (Tippmann, 2014).

Since essentially all of the data was ordinal, responses to the five close-ended questions were analyzed in R using Crosstabs and Chi-Square tests of independence to assess statistical significance. The open-ended comments related to perceptions of nonprofit trustworthiness were assessed for common themes and will be discussed in more detail in the findings section.

After the initial Crosstabs and Chi-Square tests of independence were conducted, subsequent tests using the same statistical tools were performed, but with collapsed versions of the responses to simplify the results, to reduce the degrees of freedom, and to limit the number of rows and columns in the tables. All of the tables were reduced to a two by two format. For instance, planned giving Likert scale responses were combined into "likely" (very likely,

somewhat likely, likely) and “unlikely” (somewhat likely, unlikely, very unlikely); and, “undecided” responses were excluded from the analysis entirely. Donation history responses were also collapsed to reduce the number of rows to “1-5” and “6 or more.” In regards to perceptions, responses were combined into “favorable” and “skeptical” categories. For management perceptions, for instance, those who responded that they viewed nonprofits to be managed “extremely well” or “quite well” would fall under the “favorable” category. Those who responded that they viewed nonprofits to be managed “moderately well,” “slightly well,” or “not at all well” would fall under the “skeptical” category. Similarly, for impact, those who responded that they viewed donations to nonprofits to have “a great deal” or “a lot” of impact fell within the “favorable” category, while those who responded that their donations had a “moderate” or “a little” impact fell within the “skeptical” category. This secondary analysis was performed in the hope of making the tables easier to interpret, and to assess whether the initial results were discovered as a result of small cell populations.

Of the 176 donors who were emailed with a request to participate, 141, or 80.11 percent, began the survey. Of the 141 who began the survey, 133 completed it in its entirety, with a total response rate of 75.57 percent. The data from the 133 donors that completed the entire survey will be the subject of this research (N=133).

## **Findings**

### *Sample Demographics (Table 1)*

Table 1 presents the demographic characteristics of the 133 survey respondents that completed the survey from beginning to end.

**Table 1. Sample Demographics (n=133)**

<i>Age</i>		<i>Marital Status</i>		<i>Employment Status</i>	
18-24	22.46% (30)	Single	48.87% (65)	Unemployed	6.02% (8)
25-34	30.83% (41)	Married	42.86% (57)	Part-time	13.53% (18)
35-44	15.79% (21)	Partnered	1.5% (2)	Full-time	77.44% (103)
45-54	18.05% (24)	Separated	0.75% (1)	Retired	3.01% (4)
55-64	8.27% (11)	Divorced	4.51% (6)		
65+	4.51% (6)	Widowed	1.5% (2)		
<i>Gender</i>		<i>Children</i>		<i>Religious Identification</i>	
Male	33.83% (45)	Yes	39.85% (53)	Yes	42.86% (57)
Female	66.17% (88)	No	60.15% (80)	No	57.14% (76)
<i>Highest Education Completed</i>		<i>Annual Household Income</i>		<i>Political Affiliation</i>	
Associate	4.51% (6)	> \$25,000	10.53% (14)	Democrat	51.13% (68)
Trade/technical	1.5% (2)	\$25k-\$34,999	6.02% (8)	Republican	12.03% (16)
Some college	15.04% (20)	\$35k-\$49,999	9.77% (13)	Independent	14.29% (19)
Bachelor's	40.6% (54)	\$50k-\$74,999	21.05% (28)	Other	1.5% (2)
Some graduate	6.02% (8)	\$75k-\$99,999	9.77% (13)	No Affiliation	21.05% (28)
Master's	21.8% (29)	\$100k-\$149,999	15.04% (20)		
Doctoral	3.76% (5)	\$150k or more	27.82% (37)		
MD or JD	6.77% (9)				

30.82 percent, the largest proportion of Swings for Dreams' first year donors were between 25 to 34 years old, followed by 22.46 percent in the 18 to 24 age range. The third largest group were the 18.05 percent of donors who fell within the 45 to 54 age range, which was only 2.26 percent higher than the 15.79 percent of respondents that were in the 35 to 44 category. The least amount of donors were 55 to 64 and 65 or older, with a combined total of 12.78 percent. Over half of Swings for Dreams' donors were 44 years old or younger.

The majority of respondents (66.17%) identified as female. 39.85 percent of the survey participants had children. Nearly half of respondents were single (48.87%), followed by the 42.86 percent that reported being married. The remaining 8.26 percent of donors were either divorced, separated, partnered, or widowed.

The majority of Swings for Dreams' first year donors had a bachelor's degree or higher. While 20.05 percent of respondents did not complete their undergraduate degree, they reported having at least an associate's degree, some college credit, or had completed trade, technical, or vocational training. 40.6 percent, the highest percentage of respondents, had their bachelor's, followed by 21.8 percent having completed their Master's degree. 6.02 percent had not finished their graduate degree when they took the donor survey, but reported completing at least some of their graduate program. Roughly 10 percent had completed their doctoral, medical, or law degree. Most of Swings for Dreams' donors reported having some type of employment. More than 75 percent had full-time jobs, followed by 13.53 percent with part-time positions. The remaining 9.03 percent of donors were either unemployed or retired.

More donors (57.14%) reported that they did not identify as religious, than those that were religious (42.86%). Over half of Swings for Dreams' donors categorized themselves as Democrats (51.13%), followed by the 21.05 percent of respondents with no political affiliation. 14.29 percent identified as independents, and only 12.03 percent as Republicans. The lowest percentage were the two respondents that reported having a different affiliation than the options provided.

27.82 percent, the largest proportion of donors, reported having an annual household income of \$150,000 or more, followed by the 21.05 percent that made between \$50,000 and \$74,999 per year. Next, were the 15.04 percent that reported an income between \$100,000 and \$149,999. An equal percentage of donors were in the \$35,000 to \$49,999 (9.77%) and the \$75,000 to \$99,999 (9.77%) income brackets. A little over 10 percent made less than \$25,000 per year, and the least proportion of donors made \$25,000 to \$34,999.



Donation Behavior (Table 2)

Table 2 illustrates the historical and planned donation behavior of the 133 survey respondents.

<b>Table 2. Donation Behavior (n=133)</b>	
<i>2-A. Historical Donating Behavior (Past 12 months)</i>	
0-1	17.29 % (23)
2-5	46.62% (62)
6-10	15.79% (21)
11-20	14.28% (19)
21+	6.02% (8)
<i>2-B. Likelihood of Making a Donation to a Charitable Organization (Next 12 months)</i>	
Very likely	35.34 % (47)
Likely	21.8% (29)
Somewhat likely	16.54% (22)
Undecided	6.02% (8)
Somewhat unlikely	2.26% (4)
Unlikely	3.76% (5)
Very unlikely	14.28% (19)

It is important to note that the survey question assessing historical donating behavior asked donors to identify the total combined amount of donations made over the past year, even if given to different organizations. As shown in table 2-A, 46.62 percent, the largest proportion of respondents, reported donating between 2-5 times over the past 12 months. 17.29 percent, the second largest group, reported donating 0-1 times over the past year. Because all of the survey respondents were contacted as a result of making financial contributions to Swings for Dreams during the past year, it is safe to say the individuals who responded donating only 0-1 times had only donated to Swings for Dreams in the last 12 months. The lowest percentage was the 6.02 percent (8) of respondents that made an impressive 21 or more donations during the past year.

The percentages of those who reported making between 6-10 and 11-20 donations were fairly similar, at around 15 percent.

As shown in 2-B, 35.34 percent, the largest proportion of respondents, reported they were “very likely” to make a donation in the next 12 months. 14.28 percent were “very unlikely” to make donations during the next year. This percentage is quite a bit higher than those who reported they were “somewhat unlikely” or “unlikely” to donate. Less respondents were on the unlikely end of the spectrum (“somewhat unlikely,” “unlikely,” and “very unlikely”) than the 73.69 percent on the likely end (“very likely,” “likely,” “somewhat likely”).

*Donor Perceptions of Nonprofits (Table 3)*

Table 3 illustrates the perceptions of the 133 survey respondents regarding donation impact, nonprofit management, and nonprofit trustworthiness.

<b>Table 3. Donor Perceptions of Nonprofits (n=133)</b>	
<i>3-A. How much of an impact do you think donations to charities have?</i>	
A great deal	30.83% (41)
A lot of impact	33.08% (44)
Moderate impact	31.58% (42)
Little impact	4.51% (6)
No impact at all	0% (0)
<i>3-B. How well are most charitable organizations managed?</i>	
Extremely well	0.75% (1)
Quite well	24.06% (32)
Moderately well	64.66% (86)
Slightly well	7.52% (10)
Not at all well	3.01% (4)
<i>3-C. Do you believe nonprofits to be trustworthy with their use of funds?</i>	
Yes	69.92% (93)
No	30.08% (40)

As shown in 3-A, 33.08 percent, the largest proportion of respondents, believed their donations to have “a lot of impact.” None of the survey participants perceived their donations to have “no impact at all,” and only 4.51 percent thought their donations had “a little impact.” 95.49 percent of respondents perceived their donations to have an impact that ranged between “moderate,” “a lot,” and “a great deal.” These three impact categories resulted in fairly similar percentages around 30.

As shown in 3-B, 64.66 percent of respondents believed nonprofits to be managed “moderately well,” followed by 24.06 percent that perceived nonprofits to be managed “quite well.” Only 3.01 percent of the survey participants believed nonprofits to be managed “not at all,” and a mere 0.75% (1) perceived nonprofits to be managed “extremely well.”

As shown in 3-C, 69.92 percent of survey respondents believed nonprofits to be honest and trustworthy in their use of funds. While this represents the majority of respondents, the percentage of those who viewed nonprofits as untrustworthy was still relatively high at 30.08 percent. Those respondents who reported they did not believe nonprofits to be trustworthy were given the option to explain this belief on the survey as an open-ended response. Of the 31 respondents who offered explanations, the majority referenced: a lack of financial reporting and transparency regarding how donations are spent; concerns about too much money being spent on overhead and administration; worries about dishonest management and fraudulent practices; too many organizations to choose from; and, assumptions that only a small percentage of donated funds actually go to the cause.

#### *Donor Perceptions of Nonprofits and Donation Behavior*

Swings for Dreams was also interested in assessing whether there was a statistically significant relationship between donor perception of nonprofits and their historical and planned

donation behavior. It was assumed that if a donor had negative perceptions regarding nonprofit trustworthiness, management, and donation impact, they would have made less donations over the past 12 months and would have less of a likelihood to make donations in the future.

Tables 4 through 9 show the cross-tabulated and chi-square test of independence results of respondent perceptions of donation impact, nonprofit trustworthiness, and nonprofit management as it relates to planned and historical donation behavior. According to these calculations, all but two chi-square tests of independence resulted in p-values exceeding 0.05, which fails to reject the null hypotheses ( $H_0$ ) in Tables 4 through 6, 7-B and 8-B, and 9. This indicates that there is no statistically significant relationship between the independent variables, being donor perception, and the dependent variables, being donation history and future giving.

Only Tables 7-A (impact & planned giving) and 8-A (management & planned giving) present p-values low enough to illicit interest. Both p-values are below significance of both 5 and 1 percent. However, both tables have significantly high numbers of degrees of freedom, and they fail the expected cell frequency condition, which mandates expected cell values of at least five in each cross-tabulated cell. In fact, 7-A has five cells that are completely empty, and a total of 17 cells with values less than five. Similarly, 8-A has 15 empty cells, and a collective 26 cells with values less than five. While 7-A and 8-A offer the most promising results in terms of statistical significance, conclusions still cannot be drawn as not all of the conditions for the test have been met. Even in their most compressed formats, which was intended to account for the low cell populations, the results of the chi-square tests actually produced significantly higher p-values. While 7-B was the closest to a p-value less than 0.05 at 0.056678, the results still do not reveal significance between the variables, being donor perceptions of nonprofit impact and their planned giving behavior.

Although the results of the statistical analyses in the subsequent sections do not generate significance amongst the variables, there are some interesting patterns Swings for Dreams may find helpful, which will be discussed in more detail below.

*Impact & Donation History (Appendix 4-A & Table 4-B)*

As shown in Appendix 4-A, the largest proportion of respondents donated 2-5 times with a nearly equal percentage distribution among the “moderate,” “a lot,” and “great deal” of impact categories. However, the percentage of those that donated 2-5 times declined dramatically once one perceived donations to have only “a little” impact. Although the percentage difference equated to only one respondent, it is noteworthy that the highest percentage of respondents (15.04%) fell within the “moderate” impact and 2-5 donation category.

In general, the giving history of those who perceived their donations to have a “moderate” to a “great deal” of impact was relatively consistent across perception categories. For instance, the collective 15.78 percent of those who donated 6-10 times over the past year was evenly distributed between the “moderate,” “a lot,” and “great deal” of impact categories. The only perception category that exhibited even remotely different donation patterns was the “little” impact classification which included a mere 4.51 percent (6) of the total survey participants. Although, it is noteworthy that one respondent (.75%) in the “little impact” category donated 11 to 20 times over the past year.

<b>Table 4-B.</b>	<b>Cross tabulation of donation history by views on donation impact (n=133)</b>		$\chi^2 = 1.251952$ $p = 0.26318$ df= 1
<i>History</i>	<i>Favorable View</i>	<i>Skeptical View</i>	
1-5	39.1% (52)	24.8% (33)	
6+	25.57% (34)	10.53% (14)	

Table 4-B shows the compressed and simplified categories. While the chi-square test value, p-value, and degrees of freedom are significantly lower than the values in 4-A, the compressed results do not reveal significance between perception of impact and donation history. However, the compressed results do uncover that amongst the 64.67 percent of respondents with favorable perceptions of donation impact, 39.1 percent had donated 1-5 times over the past year, while the remaining 25.57 percent made six or more donations. The 35.33 percent of respondents who reported being more skeptical of the impact of their donations were split with 24.8 percent having made 1-5 donations, and 10.53 percent having made six or more donations during the last year.

*Management & Donation History (Appendix 5-A & Table 5-B)*

As shown in Appendix 5-A, 29.32 percent, the largest proportion of donors, made 2-5 donations over the past 12 months with the belief that nonprofits were managed only “moderately well.” Those who had more extreme views about nonprofit management (“extremely well” & “not at all well”) did not exceed the 2-5 donation history category, whereas only one respondent in the “slightly well” group surpassed the more than five donations mark. The individuals who viewed the sector to be managed “quite” or “moderately well” contributed the most amount of donations over the past year. In fact, the 20.31 percent of respondents that made 11 or more donations last year fell within the “quite” and “moderately well” categories. The one respondent that believed nonprofits to be managed “extremely well” made 2-5 donations last year, while the three donors that believed nonprofits to be managed “not at all well” donated 2-5 times during the past 12 months.

<b>Table 5-B.</b>	<b>Cross tabulation of donation history by views on nonprofit management (n=133)</b>		$\chi^2 = 0.207689$ $p = 0.648585$ df= 1
<i>History</i>	<i>Favorable View</i>	<i>Skeptical View</i>	
1-5	15.04% (20)	48.87% (65)	
6+	9.77% (13)	26.32% (35)	

Table 5-B shows the compressed and simplified categories. While the chi-square test value and the degrees of freedom are lower in this table, the p-value is actually higher, which indicates even less significance than in 5-A. However, 5-B reveals that 75.19 percent of respondents expressed some skepticism in regards to how they perceive nonprofits to be managed. Yet, 26.32 of those in the skeptical category still managed to make six or more donations over the past year. In fact, the percentages of those in the 1-5 and 6+ donation history groups were significantly higher amongst those who had skeptical perceptions of nonprofit management versus those who had favorable opinions.

#### *Trust & Donation History (Appendix 6-A & Table 6-B)*

As shown in Appendix 6-A, the largest percentage of individuals (46.62%) donated 2-5 times over the past year, regardless of their views on nonprofit trustworthiness. Among the 69.94 percent of respondents that perceived nonprofits as trustworthy, 14.29 percent made one donation last year. The percentages of those that made 6-10 and 11-20 donations were equal with a collective total of 22.56 percent, while the percentage of those who made 21 or more donations was quite a bit lower at 3.01 percent.

The donation history of the 30.08 percent of those who perceived the nonprofit sector to be untrustworthy was relatively consistent across all but the 2-5 donation category, which was dramatically higher. The eight respondents (6.02%) that reported making 21 or more donations

over the past year was split evenly between the trustworthy (3.01%) and untrustworthy (3.01%) perception categories.

<b>Table 6-B.</b>	<b>Cross tabulation of donation history by views on nonprofit trustworthiness (n=133)</b>		$\chi^2 = 0.029478$ $p = 0.863679$ df= 1
<i>History</i>	<i>Favorable View</i>	<i>Skeptical View</i>	
1-5	44.36% (59)	19.55% (26)	
6+	25.56% (34)	10.53% (14)	

As shown in Table 6-B, the chi-test value and degrees of freedom are lower than in 6-A, but the p-value is higher, even further reducing the significance between the variables.

*Impact & Planned Giving (Table 7-A & 7-B)*

<b>Table 7-A.</b>		<b>Cross tabulation of planned giving by views on donation impact (n=133)</b>				$\chi^2 = 37.7381$ $p = 0.004194$ df=18
<b>Planned Giving</b>		<i>A great deal</i>	<i>A lot</i>	<i>Moderate</i>	<i>A little</i>	
	<i>Very Likely</i>	12.78% (17)	12.03% (16)	9.02% (12)	1.5% (2)	
	<i>Likely</i>	3.01% (4)	8.27% (11)	9.02% (12)	0.75% (1)	
	<i>Somewhat Likely</i>	3.76% (5)	5.26% (7)	6.77% (9)	0.75% (1)	
	<i>Undecided</i>	1.5% (2)	0.75% (1)	3.76% (5)	-	
	<i>Somewhat Unlikely</i>	1.5% (2)	0.75% (1)	-	-	
	<i>Unlikely</i>	-	0.75% (1)	1.5% (2)	1.5% (2)	
	<i>Very Unlikely</i>	8.27% (11)	5.26% (7)	0.75% (1)	-	
$H_0$ : There is no significant relationship between donor perception of donation impact and the likelihood they will make a charitable donation in the next 12 months.						

As shown in Table 7-A, of the 30.82 percent that viewed charitable donations to have a “great deal” of impact, 12.78 percent reported they were “very likely” to donate, followed by the 8.27 percent that reported being “very unlikely” to donate. The collective 9.77 percent of donors that were “likely,” “somewhat likely,” “undecided,” or “somewhat unlikely” to donate, was 1.5 percent higher than the 8.27 percent that responded on the most extreme end of the spectrum as “very unlikely” to donate. Of the 33.07 percent that viewed charitable donations to have “a lot”



of impact, 12.03 percent, the largest proportion of respondents, were “very likely” to donate, followed by 8.02 percent that were “likely.” The next highest percentages were the 5.26 percent that were “somewhat likely” and the 5.26 that reported being “very unlikely” to donate. The other three categories were tied at 0.75 percent each.

Similarly to the 30.82 percent of donors that perceived charitable donations to have a “great deal” of impact, 30.82 percent of the survey participants also perceived donations to have a “moderate” amount of impact. Of the 30.82 percent in this category, Swings for Dreams’ donors were tied with a collective 18.04 percent being “very likely” or “likely” to donate over the next year. In this “moderate” impact category, the percentage of respondents decreased as the likelihood of making a donation was lessened. Those who perceived their donations to have only “a little” impact was a much smaller group totaling a mere 4.5 percent, with a relatively similar distribution between the “very likely,” “likely,” “somewhat likely,” and “unlikely” planned giving options. Not one of the six respondents in this category reported being “very unlikely” to make a donation.

<b>Table 7-B.</b>	<b>Cross tabulation of planned giving by views on donation impact (n=125)</b>		$\chi^2 = 3.632029$ $p = 0.056678$ df= 1
<i>Planned Giving</i>	<i>Favorable View</i>	<i>Skeptical View</i>	
Likely	48.39% (60)	29.84% (37)	
Unlikely	17.74% (22)	4.03% (5)	

While the results of 7-A represented the most promising p-values, collapsing the categories in 7-B did not assist in increasing the significance. In fact, the p-value in 7-B was higher. However, of all the variables that were tested for significance in this research, perceptions of impact and planned giving appear to have the closest relationship. Of those respondents who reported being likely to donate over the next year, close to half (48.39%) had

favorable opinions of nonprofit management, while almost 30 percent were skeptical. Of the nearly 22 percent of those who reported being unlikely to donate over the next year, the majority (17.74%) had favorable opinions of nonprofit impact, while a mere 4.03 percent were skeptical.

Management & Planned Giving (Tables 8-A & 8-B)

<b>Table 8-A.</b>		<b>Cross tabulation of planned giving by views on nonprofit management (n=133)</b>					$\chi^2 = 50.5833$  $p = 0.001192$  $df=24$
		<i>Extremely well</i>	<i>Quite well</i>	<i>Moderately well</i>	<i>Slightly well</i>	<i>Not at all well</i>	
<b>Planned Giving</b>	<i>Very Likely</i>	-	8.27% (11)	26.32% (35)	-	0.75% (1)	
	<i>Likely</i>	-	6.02% (8)	12.78% (17)	3.01% (4)	-	
	<i>Somewhat Likely</i>	-	2.26% (3)	9.77% (13)	3.76% (5)	0.75% (1)	
	<i>Undecided</i>	0.75% (1)	-	4.51% (6)	-	0.75% (1)	
	<i>Somewhat Unlikely</i>	-	1.5% (2)	0.75% (1)	-	-	
	<i>Unlikely</i>	-	-	2.26% (3)	0.75% (1)	0.75% (1)	
	<i>Very Unlikely</i>	-	6.02% (8)	8.27% (11)	-	-	
$H_0$ : There is no significant relationship between donor perception of nonprofit management and the likelihood they will make a charitable donation in the next 12 months.							

As shown in Table 8-A, only one respondent, out of the 133 total survey participants reported that they perceived the nonprofit sector to be managed “extremely well,” yet they were “undecided” as to whether or not they planned to make a charitable donation during the next 12 months. Most of Swings for Dreams’ donors believed the sector to be managed “quite” or “moderately” well, with the highest percentage of donors in each category reporting that they were “very likely” to donate. In fact, most respondents in the “quite” to “moderately” well categories were on “likely” to donate end of the spectrum. However, these two categories still resulted in a combined total of 14.29 percent that were “very unlikely” to donate. The respondents that perceived the sector to be managed “slightly” or “not at all” well had a combined total of roughly 10.52 percent, with over eight percent reporting they were between “somewhat likely” to “very likely” to make a donation.

<b>Table 8-B.</b>	<b>Cross tabulation of planned giving by views on nonprofit management (n=125)</b>		$\chi^2 = 2.365167$ $p = 0.124071$ df= 1
<i>Planned Giving</i>	<i>Favorable View</i>	<i>Skeptical View</i>	
Likely	17.6% (22)	60.8% (76)	
Unlikely	8% (10)	13.6% (17)	

As shown in Table 8-B, the chi-square test value and the degrees of freedom are significantly lower than in 8-A, but the p-value is higher, reducing the possibility of significance between the variables. However, the most interesting results uncovered in 8-B was the fact that nearly 75 percent of respondents reported having skepticism regarding their perceptions of nonprofit management. Yet, of the 75 percent who fell within this category, almost 61 percent still reported being likely to donate over the next 12 months.

*Trust & Planned Giving (Appendix 9-A & Table 9-B)*

As shown in Appendix 9-A, the largest percentage of individuals (35.34%) were “very likely” to make a donation over the next year, regardless of their views on nonprofit trustworthiness. Of the 69.94 percent of respondents that perceived nonprofits to be honest and trustworthy in their use of donated funds, 52.64 percent were between “somewhat” and “very likely” to donate. However, nearly 10 percent of those who viewed the sector as trustworthy responded being “very unlikely” to make a donation in the next year.

Of the 30.08 percent who perceived nonprofits as untrustworthy, 21.05 percent were between “somewhat” and “very likely” to donate over the next year. For both the trustworthy and untrustworthy perception groups, the “likely” to donate response represented the second largest percentage of donors, followed by those who were “somewhat likely” to donate. The combined 6.02 percent that were “undecided” was split evenly between both perception groups.

<b>Table 9-B.</b>	<b>Cross tabulation of planned giving by views on nonprofit trustworthiness (n=125)</b>		$\chi^2 = 0.01156$ $p = 0.91438$ df= 1
<i>Planned Giving</i>	<i>Favorable View</i>	<i>Skeptical View</i>	
Likely	56% (70)	22.4% (28)	
Unlikely	15.2% (19)	6.4% (8)	

As shown in Table 9-B, the chi-square test value and the degrees of freedom are significantly lower than in 9-A, but the p-value is higher, which eliminates the possibility of significance between the variables.

### **Analysis & Conclusion**

The unit of analysis in this research were the individual donors who made financial contributions to Swings for Dreams in 2013-2014. Because the sample was neither random nor representative, it is important to note that the results of this research cannot be applied to a larger population. However, representativeness was not a requirement and a nonprobability sample was appropriate for this research question, as it targeted a specific population based on a commonality, being those individuals who had made financial contributions to Swings for Dreams during a 12 month period. It is also important to note that the results of this research are somewhat limited by the relatively small sample size, which contributed to the failed expected cell frequency condition in the first round of statistical tests (4-A, 5-A, 6-A, 7-A, 8-A, 9-A). The expected cell frequency condition mandates expected values of at least five in each cross-tabulated cell, which essentially works to make certain there is a large enough sample size to ensure a true test of categorical independence. While the results of the chi-square tests of independence in 7-A and 8-A offered the most promising results in terms of low enough p-values to indicate statistical significance, conclusions still cannot be drawn using strict statistics as all of

the conditions for the test have not been met. Attempts to remedy the failed cell frequency conditions by compressing responses into two by two tables eliminated the low cell value issue, but increased the p-values in all but one table, 4-B.

In addition to providing Swings for Dreams with valuable information about their first year donors, the purpose of this study was to fill a gap in the existing research that confirmed a statistically significant relationship between donor perception and donation behavior. However, the results of the survey and subsequent statistical analysis suggest there is no relationship between Swings for Dreams' donors' perceptions of the nonprofit sector and their historical and planned donating behavior, which is contrary to what the organization's founders had thought prior to the survey. While this is somewhat surprising, these results are not completely unexpected seeing as a portion of the existing research also fails to find a statistically significant relationship between perception and behavior. Although no correlation can be concluded, this research contributes to Swings for Dreams' understanding of their donor population and their respective donation patterns nonetheless. The results also shed light on the reputation issues still facing the sector as a whole, and raise additional questions as to what variables, if any, impact donation behavior.

In regards to donor demographics, the survey paints a partial picture of Swings for Dreams' donor population, and raises additional questions as to whether one's demographic profile contributes to donation behavior. Some of the more interesting results relate to donor education and income levels. According to the survey results, Swings for Dreams' first year donors were rather affluent - mostly educated individuals with full-time jobs and notably high household incomes. This may be as a result of the fact that the organization's founders predominantly solicited donations from individuals they knew personally. With the knowledge

that both founders were born and raised in the San Francisco Bay Area, a region known for its concentration of wealth and highly educated individuals (Morello & Mellnick, 2013; Knight, 2014), it is not surprising over 78 percent of respondents had at least a bachelor's degree, over 77 percent were employed full-time, and over half had household incomes of \$75,000 or higher. While the demographic data was not explored in too much detail in this study, it might be worthwhile for Swings for Dreams to conduct a follow-up study to see if demographics play a role in historical and planned giving behavior. More specifically, Swings for Dreams may want to explore which organizational factors or values attract wealthier, more educated populations to donate. This information could then aid in the creation and implementation of targeted fundraising strategies to further Swings for Dreams' long-term growth and development goals.

The survey also revealed that Swings for Dreams' donors appeared to be a relatively generous group. Regardless of their perceptions of the nonprofit sector, almost 83 percent made two or more financial contributions to a charity over the past twelve months, and over 73 percent reported that they were likely to make a donation in the upcoming twelve months. It also appears that Swings for Dreams' donors have more favorable opinions of the nonprofit sector than what was described in much of the research. However, similar to the mixed opinions in the existing research regarding the relationship between perceptions of the sector and donation behavior, Swings for Dreams' donors' responses to the survey present some equally conflicting results.

Some of the most interesting and contradictory results entailed the instances where negative perceptions of the sector had no effect on one's decision to make a significantly large number of donations, or the high likelihood of making financial contributions in the future. For instance, the perception that donations had only "a little" impact did not prevent one respondent from making 11-20 donations over the past year. In addition, the 26.52 percent of donors who

reported having a skeptical view of nonprofit management still donated 6 or more times over the past year. Similarly, positive perceptions of the sector did not necessarily result in frequent historical donation patterns or the likelihood one would donate in the future. For example, among the 69.94 percent of respondents that perceived nonprofits as trustworthy, 14.29 percent made a mere one donation last year, and nearly 10 percent responded that they were “very unlikely” to donate in the upcoming year. These results seem contradictory to what one would expect using both common sense and basic psychological theory. This also leads one to believe what other factors come into play when making the strategic decision to donate.

The results of this study provided valuable insight into Swings for Dreams’ donor demographics, their overall generosity, and their mixed perceptions of the nonprofit sector. However, it seems more inquiries arose than were answered from this research related to what impacts donation behavior. It also appears that nonprofits have a long way to go to restore public trust in the sector. Whether or not perceptions impact donation behavior, it cannot be beneficial to have prospective donors perceiving charities as untrustworthy, poorly managed, and incapable of creating impact with the money that is given to them. While Swings for Dreams’ donors reported having more positive opinions of the nonprofit sector than those individuals surveyed in some of the studies discussed in the literature review, there is still a significant degree of doubt. The fact that only one out of 133 respondents believed nonprofits to be managed “extremely well” is one such statistic that should trouble the founders at Swings for Dreams, and the sector as a whole.

While a statistically significant relationship does not exist between the perceptions and donation behavior of Swings for Dreams’ first year donors, further research conducted on a larger sample over a few years could provide a more useful and comprehensive analysis. For

instance, if a few years' worth of historical and planned giving data was available, an analysis could be conducted to investigate if multiple years of donating behavior declines or increases over time as a result of donor perception. Thus, Swings for Dreams may want to consider distributing another survey once they have been in operation for a longer period of time, are more established as an organization, and have a larger donor pool to survey.

Regardless, Swings for Dreams should make every effort to strengthen the relationship they have with current and future donors so they can continue to serve their beneficiaries. Donor support is essential for continued operations and cannot be anything less than a priority. To address donor misgivings, Swings for Dreams should take steps to: build trust with their donors and future supporters; to adopt transparent reporting and measurement procedures; to uphold efficient management practices; and, to be cautious as to how much money is spent on overhead and administration. As a start-up nonprofit in the beginning stages of development, Swings for Dreams can learn from the United Way and Red Cross scandals, which highlight the devastation that can occur to the reputation of the nonprofit sector as a whole due to the bad practices exercised by just one or two organizations. Furthermore, Swings for Dreams should play an active role in the restoration of public trust and faith in the sector by listening to their donors and adopting good practices.



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## Appendix 5-A. Management & Donation History

Table 5-A.		Cross tabulation of donation history by views on nonprofit management (n=133)					$\chi^2 = 15.9004$  $p = 0.459933$  df=16
		<i>Extremely well</i>	<i>Quite well</i>	<i>Moderately well</i>	<i>Slightly well</i>	<i>Not at all well</i>	
Donation History	0-1	-	5.26% (7)	9.77% (13)	1.5% (2)	0.75% (1)	
	2-5	0.75% (1)	9.02% (12)	29.32% (39)	5.26% (7)	2.26% (3)	
	6-10	-	2.26% (3)	12.78% (17)	0.75% (1)	-	
	11-20	-	3.76% (5)	10.53% (14)	-	-	
	21+	-	3.76% (5)	2.26% (3)	-	-	

$H_0$  : There is no significant relationship between donor perception of nonprofit management and the number of instances they made charitable donations over the past 12 months.

**Appendix 6-A. Trust & Donation History**

Table 6-A.		Cross tabulation of donation history by views on nonprofit trustworthiness (n=133)		$\chi^2 = 4.89024$  $p = 0.298745$  df=4
		Yes	No	
Donation History	0-1	14.29% (19)	3.01% (4)	
	2-5	30.08% (40)	16.54% (22)	
	6-10	11.28% (15)	4.51% (6)	
	11-20	11.28% (15)	3.01% (4)	
	21+	3.01% (4)	3.01% (4)	
$H_0$ : There is no significant relationship between donor perception of nonprofit trustworthiness and the number of instances they made charitable donations over the past 12 months.				

**Appendix 9-A. Trust & Planned Giving**

Table 9-A.		Cross tabulation of planned giving by views on nonprofit trustworthiness (n=133)		$x^2 = 3.56094$
		Yes	No	
Planned Giving	Very Likely	26.32% (35)	9.02% (12)	$p = 0.73584$  df=6
	Likely	15.04% (20)	6.77% (9)	
	Somewhat Likely	11.28% (15)	5.26% (7)	
	Undecided	3.01% (4)	3.01% (4)	
	Somewhat Unlikely	2.26% (3)	-	
	Unlikely	2.26% (3)	1.5% (2)	
	Very Unlikely	9.77% (13)	4.51% (6)	
$H_0$ : There is no significant relationship between donor perception of nonprofit trustworthiness and the likelihood they will make a charitable donation in the next 12 months.				

### Donor Survey

1. How likely are you to donate money to a charity or non-profit organization in the next 12 months?
  - I. Extremely likely
  - II. Quite likely
  - III. Moderately likely
  - IV. Slightly likely
  - V. Not at all likely
2. About how many times have you donated money to a charitable organization within the past 12 months (total combined, even if given to different organizations)?
  - I. 0-1
  - II. 2-5
  - III. 6-10
  - IV. 11-20
  - V. 21 or more times
3. Have you ever enrolled in an automatic donation payment plan with a particular organization?
  - I. Yes
  - II. No (if no, please skip to question 4)
4. Did you find that this automatic payment plan made it easier to donate?
  - I. Yes
  - II. No
5. What has been the most common approach method you have experienced when being asked to donate?
  - I. In person
  - II. Email
  - III. Phone
  - IV. Social Media
  - V. Mail
  - VI. Other:
6. Did this method of approach play a role in motivating you to donate?
  - I. Yes
    - i. Please specify why:
  - II. No
7. What is your preferred method of approach?
  - I. In person
  - II. Email
  - III. Phone
  - IV. Social Media
  - V. Other:
8. Do you believe that the vast majority of charitable organizations are trustworthy and are honest in their use of funds?
  - I. Yes
  - II. No

- i. Please specify why:
9. How well do you think most charities or non-profit organizations are managed?
  - I. Extremely well
  - II. Quite well
  - III. Moderately well
  - IV. Slightly well
  - V. Not at all well
10. How much of an impact do you think donations to charities or non-profit organizations have?
  - I. A great deal of impact
  - II. A lot of impact
  - III. A moderately amount of impact
  - IV. A little impact
  - V. No impact at all
11. Generally, what are your primary motivators when donating? (Mark all that apply)
  - I. An improvement in your personal financial situation
  - II. Personal interest
  - III. Trust in the organization
  - IV. Method of approach
  - V. Personal financial reasons
  - VI. Personal connection to the cause
  - VII. The organization is well-known
  - VIII. Access to information that proved the impact of donor contributions
  - IX. The organization has a social media presence
  - X. The organization impacts the local community
  - XI. The organization's work aligns with my personal beliefs or values
  - XII. The tax incentives provided by the organization's 501 © 3 tax status
  - XIII. Other incentives to donate
    - i. Please list:
  - XIV. Other
12. What types of incentives would make you more inclined to donate to a charitable organization? (please select all that apply)
  - I. Tax deductibility
  - II. Organizational memberships
  - III. Event tickets and participation
  - IV. Updates and newsletters
  - V. Social media shout-outs
  - VI. Organizational gear (i.e. pens, shirts, bags, etc)
  - VII. Recognition of donation on organization's promotional materials (i.e. brochures, website, event invites, etc)
  - VIII. Other:
13. Please describe what type of charitable organization you are most inclined to donate to (i.e. religion, education, social services, international humanitarian aid, etc.):
14. Would you rather donate to an organization doing work locally/within the United States or internationally?

- I. I would be more inclined to donate to an organization doing work locally or within the United States (Please proceed to question 15-16)
  - II. I would be more inclined to donate to an organization doing work internationally
  - III. I have no preference
15. Please explain why you are more inclined to donate to an organization doing work locally or within the United States?
16. Please explain why you are less inclined to donate to an organization doing work internationally?
17. Are there any incentives an international organization could provide to encourage you to donate? Please describe.
18. Is there anything else you would like to include regarding nonprofits and donations?

Demographics:

1. What is your age?
  - I. Below 18
  - II. 18-24
  - III. 25-34
  - IV. 35-44
  - V. 45-54
  - VI. 55-64
  - VII. 65 or older
2. What year were you born in?
  - I. Before 1945
  - II. 1946-1964
  - III. 1965-1980
  - IV. 1981-present
3. How do you identify?
  - I. Male
  - II. Female
  - III. Other
4. What is your marital status?
  - I. Single, Never married
  - II. Married
  - III. Partnered
  - IV. Divorced
  - V. Separated
  - VI. Widowed
5. Do you have children?
  - I. No
  - II. Yes
    - i. If yes, how many?
6. Do you identify as religious?
  - I. Yes
  - II. No
7. What political party do you identify with?

- I. Republican
  - II. Democrat
  - III. Independent
  - IV. Other
  - V. No affiliation
8. What is the highest degree or level of school you have completed? *If currently enrolled, highest degree received.*
- I. Some high school, no diploma
  - II. High school graduate, diploma or the equivalent (i.e. GED)
  - III. Some college credit, no degree
  - IV. Trade/technical/vocational training
  - V. Associate degree
  - VI. Bachelor's degree
  - VII. Some graduate school, no degree
  - VIII. Master's Degree
  - IX. Degree (MD, JD)
  - X. Doctoral Degree
9. What is your current employment status?
- I. Employed full-time
  - II. Employed part-time
  - III. Unemployed
  - IV. Retired
10. What was your total household income before taxes during the past 12 months?
- I. Less than \$25,000
  - II. \$25,000 to \$34,999
  - III. \$35,000 to \$49,999
  - IV. \$50,000 to \$74,999
  - V. \$75,000 to \$99,999
  - VI. \$100,000 to \$149,999
  - VII. \$150,000 or more